

Senate File 2109

FY 2016 Supplemental Appropriations Bill

Last Action:

**Senate Appropriations
Committee**

February 3, 2016

An Act relating to financial and regulatory matters by supplementing appropriations for the fiscal year beginning July 1, 2015, making standing appropriations, and including effective date provisions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available online at <https://www.legis.iowa.gov/publications/information/appropriationBillAnalysis>

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FUNDING SUMMARY

Senate File 2109 appropriates a total of \$115.5 million from the General Fund for FY 2016. Beginning in FY 2018, the Bill allocates \$30.0 million annually to the Rebuild Iowa Infrastructure Fund (RIIF) from the General Fund surplus after the balances in the Cash Reserve Fund and Economic Emergency Fund reach the statutory limit of 10.0% of the adjusted revenue estimate. The Bill also deposits \$25.0 million from State Wagering Tax revenue into the General Fund after the first \$139.8 million in Wagering Taxes is allocated to other funding sources in accordance with current statute.

MAJOR INCREASES/DECREASES/TRANSFERS OF EXISTING PROGRAMS

Beginning in FY 2018, the Bill allocates \$30.0 million annually to the RIIF from the General Fund surplus after the balances in the Cash Reserve Fund and Economic Emergency Fund reach the statutory limit of 10.0% of the adjusted revenue estimate. Page 3, Line 18

SUPPLEMENTAL APPROPRIATIONS

General Fund supplemental appropriation of \$80.0 million to the Department of Human Services to fund a projected shortfall in funding for the Medicaid Program. Page 1, Line 3

General Fund supplemental appropriation of \$1.9 million to the Department of Corrections to fund increased costs of the Department in FY 2016. Page 1, Line 22

General Fund supplemental appropriation of 3.0 million to the Department of Inspections and Appeals to fund a projected shortfall in the Indigent Defense Fund. Page 2, Line 14

General Fund supplemental appropriation of \$610,000 to the Department of Administrative Services to fund a projected shortfall in FY 2016 utility expenses. Page 2, Line 34

General Fund supplemental appropriation of \$30.0 million for deposit in the RIIF. Any funds that are not expended in FY 2016 will carry forward to FY 2017 and be available for appropriation for infrastructure-related projects. Page 3, Line 34

SIGNIFICANT CODE CHANGES

Deposits \$25.0 million from the State Wagering Tax into the General Fund beginning in FY 2017, after the first \$139.8 million of Wagering Tax revenue is allocated to other funds in accordance with current statute. Page 4, Line 11

Senate File 2109 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
3	18	9	Add	8.55.2.0a
3	23	10	Amend	8.55.2.a
4	11	14	Amend	8.57.5.f.(1).(d)

1 1 DIVISION I
 1 2 HEALTH AND HUMAN SERVICES

1 3 Section 1. MEDICAID. There is appropriated from the general
 1 4 fund of the state to the department of human services for the
 1 5 fiscal year beginning July 1, 2015, and ending June 30, 2016,
 1 6 the following amount, or so much thereof as is necessary, to be
 1 7 used for the purposes designated:
 1 8 To supplement the appropriation made for medical assistance
 1 9 program reimbursement and associated costs in 2015 Iowa Acts,
 1 10 chapter 137, section 12, unnumbered paragraph 2:
 1 11 \$ 80,000,000

General Fund FY 2016 supplemental appropriation to the Department of Human Services (DHS) for the Medicaid Program.

DETAIL: During the 2015 Legislative Session, the DHS received a General Fund appropriation of \$1,303,191,564 for FY 2016. In January 2016, the Medicaid Forecasting Group estimated that the appropriation was \$87,000,000 short of meeting the projected need of the Program. The Medicaid Forecasting Group is comprised of staff members from the Department of Management, the LSA, and the DHS, and meets on a monthly basis to review revenues, expenditures, and the enrollment status of the Medicaid Program. At each meeting the Group agrees to estimates for the current and upcoming fiscal year to help provide guidance on policy and funding issues for policymakers. The latest estimates are available online at:
<https://www.legis.iowa.gov/publications/fiscal/medicaid>

1 12 Notwithstanding section 8.33, moneys appropriated in this
 1 13 division that remain unobligated or unexpended at the close of
 1 14 the fiscal year shall not revert but shall remain available
 1 15 to be used for the purposes designated until the close of the
 1 16 succeeding fiscal year.

Requires nonreversion of these funds until the close of FY 2017.

1 17 Sec. 2. EFFECTIVE UPON ENACTMENT. This division of this
 1 18 Act, being deemed of immediate importance, takes effect upon
 1 19 enactment.

This Division is effective on enactment.

1 20 DIVISION II
 1 21 DEPARTMENT OF CORRECTIONS

1 22 Sec. 3. GENERAL ADMINISTRATION. There is appropriated from
 1 23 the general fund of the state to the department of corrections
 1 24 for the fiscal year beginning July 1, 2015, and ending June 30,
 1 25 2016, the following amount, or so much thereof as is necessary,
 1 26 to be used for the purposes designated:
 1 27 To supplement the appropriation made for general
 1 28 administration, including salaries, support, maintenance,
 1 29 employment of an education director to administer a
 1 30 centralized education program for the correctional system, and
 1 31 miscellaneous purposes in 2015 Iowa Acts, chapter 135, section
 1 32 4, subsection 1, unnumbered paragraph 1:
 1 33 \$ 1,900,000

General Fund FY 2016 supplemental appropriation to the Department of Corrections (DOC) to fund increased costs of the Department in FY 2016.

DETAIL: The appropriation is intended to cover a funding shortfall related to the closing of the Clarinda and Mount Pleasant Mental Health Institutes (MHIs) in FY 2016. Certain operating costs at these campuses were shared between the DOC correctional facilities and the MHIs. Funding for the MHIs is appropriated to the DHS in the Health and Human Services Appropriations Act. The MHIs at Clarinda and Mount Pleasant were closed at the end of FY 2015, and the FY 2016 appropriations for those facilities were vetoed by the Governor. As a result, the portion of the shared operating costs previously funded through the MHI appropriations became an obligation of the DOC.

The FY 2016 appropriations to the DOC for the Clarinda and Mount Pleasant correctional facilities were not adjusted to account for the increased costs.

1 34 It is the intent of the general assembly that a priority in
1 35 allocating the moneys appropriated in this section shall be
2 1 to supplement the amounts otherwise appropriated in 2015 Iowa
2 2 Acts, chapter 135, section 3, subsection 1, for the operation
2 3 of the Mount Pleasant and Clarinda correctional facilities.

Specifies that it is the intent of the General Assembly that the DOC give priority to the Mount Pleasant and Clarinda Correctional Facilities when allocating appropriated funds in this section.

2 4 Notwithstanding section 8.33, moneys appropriated in this
2 5 division that remain unobligated or unexpended at the close of
2 6 the fiscal year shall not revert but shall remain available
2 7 to be used for the purposes designated until the close of the
2 8 succeeding fiscal year.

Requires nonreversion of these funds until the close of FY 2017.

2 9 Sec. 4. EFFECTIVE UPON ENACTMENT. This division of this
2 10 Act, being deemed of immediate importance, takes effect upon
2 11 enactment.

This Division is effective on enactment.

2 12 DIVISION III
2 13 DEPARTMENT OF INSPECTIONS AND APPEALS

2 14 Sec. 5. INDIGENT DEFENSE. There is appropriated from the
2 15 general fund of the state to the department of inspections and
2 16 appeals for the fiscal year beginning July 1, 2015, and ending
2 17 June 30, 2016, the following amount, or so much thereof as is
2 18 necessary, to be used for the purposes designated:

General Fund FY 2016 supplemental appropriation to the Office of the Public Defender in the Department of Inspections and Appeals (DIA) for the Indigent Defense Fund.

2 19 To supplement the appropriation made for payments on behalf
2 20 of eligible adults and juveniles from the indigent defense
2 21 fund, in accordance with section 815.11, in 2015 Iowa Acts,
2 22 chapter 135, section 11, subsection 2:
2 23 \$ 3,000,000

DETAIL: The appropriation will be used to to fund a projected shortfall in FY 2016 in the Office of the State Public Defender. The Indigent Defense Fund has seen an overall increase in claims this fiscal year. Payments from the Fund have increased by approximately \$1,680,000, with 4,027 more claims at this point in FY 2016 than compared to the same period in FY 2015. Costs to the Indigent Defense Fund are projected to increase by an additional \$1,500,000 by the end of FY 2016. An increase in simple misdemeanor claims is a contributing factor to the cost increase. The Iowa Supreme Court's ruling in State v. Young expanded a defendant's right to an attorney and resulted in increased demand for representation in simple misdemeanor cases. For stand-alone simple misdemeanor claims, payments from the Indigent Defense Fund have increased by \$219,500, or approximately 40.00%.

2 24 Notwithstanding section 8.33, moneys appropriated in this
2 25 division that remain unobligated or unexpended at the close of
2 26 the fiscal year shall not revert but shall remain available
2 27 to be used for the purposes designated until the close of the
2 28 succeeding fiscal year.

Requires nonreversion of these funds until the close of FY 2017.

2 29 Sec. 6. EFFECTIVE UPON ENACTMENT. This division of this
2 30 Act, being deemed of immediate importance, takes effect upon
2 31 enactment.

This Division is effective on enactment.

2 32 DIVISION IV
2 33 DEPARTMENT OF ADMINISTRATIVE SERVICES

2 34 Sec. 7. UTILITY COSTS. There is appropriated from the
2 35 general fund of the state to the department of administrative
3 1 services for the fiscal year beginning July 1, 2015, and ending
3 2 June 30, 2016, the following amount, or so much thereof as is
3 3 necessary, to be used for the purposes designated:

General Fund FY 2016 supplemental appropriation to the Department of Administrative Services (DAS) for utility costs.

3 4 To supplement the appropriation for utility costs made in
3 5 2015 Iowa Acts, chapter 141, section 1, subsection 1, paragraph
3 6 "b":
3 7 \$ 610,039

DETAIL: The appropriation will be used to fund a projected shortfall in the FY 2016 appropriation used for funding utility costs on the Capitol Complex. The additional funding is needed to cover increased costs resulting from rate increases by Mid-American Energy and the Des Moines Water Works. Based on current utility bills, the DAS estimates that the current FY 2016 appropriation is only sufficient to fund approximately 10 months of utility costs for the current fiscal year.

3 8 Notwithstanding section 8.33, moneys appropriated in this
3 9 division that remain unobligated or unexpended at the close of
3 10 the fiscal year shall not revert but shall remain available
3 11 to be used for the purposes designated until the close of the
3 12 succeeding fiscal year.

Requires nonreversion of these funds until the close of FY 2017.

3 13 Sec. 8. EFFECTIVE UPON ENACTMENT. This division of this
3 14 Act, being deemed of immediate importance, takes effect upon
3 15 enactment.

This Division is effective on enactment.

3 16 DIVISION V
3 17 REBUILD IOWA INFRASTRUCTURE FUND

3 18 Sec. 9. Section 8.55, subsection 2, Code 2016, is amended by
3 19 adding the following new paragraph:
3 20 NEW PARAGRAPH 0a. The first thirty million dollars shall
3 21 be transferred to the rebuild Iowa infrastructure fund to be
3 22 used as provided in section 8.57, subsection 5.

CODE: Allocates the first \$30,000,000 annually to the Rebuild Iowa Infrastructure Fund (RIIF) from the excess General Fund surplus after the balances in the Cash Reserve Fund and Economic Emergency Fund reach the statutory limits of 7.50% and 2.50% (respectively) of the adjusted revenue estimate.

3 23 Sec. 10. Section 8.55, subsection 2, paragraph a, Code 2016,
3 24 is amended to read as follows:

DETAIL: Under current law, the Taxpayers Trust Fund receives up to the first \$60,000,000 of the excess surplus dollars assuming the actual General Fund revenue of the previous year is more than the adjusted revenue estimate of that fiscal year. Under SF 2109, the first \$30,000,000 will be allocated to the RIIF and up to the next \$60,000,000 will be allocated to the Taxpayers Trust Fund.

3 25 a. The ~~first~~ next sixty million dollars of the difference
3 26 between the actual net revenue for the general fund of the
3 27 state for the fiscal year and the adjusted revenue estimate for
3 28 the fiscal year shall be transferred to the taxpayers trust
3 29 fund.

3 30 Sec. 11. EFFECTIVE DATE. This division of this Act takes
3 31 effect July 1, 2017.

This Division establishing a General Fund standing appropriation to the RIIF is effective beginning in FY 2018.

3 32 DIVISION VI
 3 33 REBUILD IOWA INFRASTRUCTURE FUND — ONE-TIME APPROPRIATION

3 34 Sec. 12. REBUILD IOWA INFRASTRUCTURE FUND APPROPRIATION.

3 35 There is appropriated from the general fund of the state to the
 4 1 rebuild Iowa infrastructure fund for the fiscal year beginning
 4 2 July 1, 2015, and ending June 30, 2016, the following amount,
 4 3 or so much thereof as is necessary, to be used as provided in
 4 4 section 8.57:
 4 5 \$ 30,000,000

General Fund FY 2016 supplemental appropriation of \$30,000,000 to the RIIF.

DETAIL: The appropriated funds will be deposited in the RIIF for FY 2016 and be allowed to carry forward for appropriation for infrastructure-related projects in FY 2017.

4 6 Sec. 13. EFFECTIVE UPON ENACTMENT. This division of this
 4 7 Act, being deemed of immediate importance, takes effect upon
 4 8 enactment.

This Division is effective on enactment.

4 9 DIVISION VII
 4 10 GAMING REVENUES — GENERAL FUND

4 11 Sec. 14. Section 8.57, subsection 5, paragraph f,
 4 12 subparagraph (1), subparagraph division (d), Code 2016, is
 4 13 amended to read as follows:

4 14 ~~(d) (i) For the fiscal year each fiscal year for the period~~
 4 15 ~~beginning July 1, 2013, and for each fiscal year thereafter~~
 4 16 ending June 30, 2016, the total moneys in excess of the moneys
 4 17 deposited under this paragraph "f" in the revenue bonds debt
 4 18 service fund, the revenue bonds federal subsidy holdback
 4 19 fund, the vision Iowa fund, and the Iowa skilled worker and
 4 20 job creation fund shall be deposited in the rebuild Iowa
 4 21 infrastructure fund and shall be used as provided in this
 4 22 section, notwithstanding section 8.60.
 4 23 (ii) For the fiscal year beginning July 1, 2016, and for
 4 24 each fiscal year thereafter, the first twenty-five million of
 4 25 the total moneys remaining in excess of the moneys deposited
 4 26 under this paragraph "f" in the revenue bonds debt service
 4 27 fund, the revenue bonds federal subsidy holdback fund, the
 4 28 vision Iowa fund, and the Iowa skilled worker and job creation
 4 29 fund shall be deposited in the general fund of the state. The
 4 30 remaining moneys in excess of the moneys deposited under this
 4 31 subparagraph subdivision (ii) in the general fund of the state
 4 32 shall be deposited in the rebuild Iowa infrastructure fund and
 4 33 shall be used as provided in this section, notwithstanding
 4 34 section 8.60.

CODE: Deposits \$25,000,000 from the State Wagering Tax into the General Fund beginning in FY 2017, after the first \$139,750,000 of Wagering Tax revenue is allocated to other funds in accordance with current statute.

DETAIL: Under current law the State Wagering Tax revenue is allocated as follows:

- \$55,000,000 to the Revenue Bonds Debt Service Fund for annual debt service payments on I-JOBS Bonds.
- \$3,750,000 to the Federal Subsidy Holdback Fund to ensure the debt service is covered in the event the federal subsidy for the Build America Bonds (part of the 2009 revenue bond issuance) is not received.
- \$15,000,000 to the Vision Iowa Fund to pay the debt service on bonds issued for the Vision Iowa Program.
- \$66,000,000 to the Iowa Skilled Worker and Job Creation Fund to provide funding for a variety of job creation programs as directed by the General Assembly.
- Under current law, the remainder of the State Wagering Tax revenue is deposited in the RIIF.

The State Wagering Tax is collected on the adjusted gross receipts (AGR) generated by the State's 19 licensed casinos. Seventeen of the casinos pay a tax of 22.00% on the AGR and two casinos pay 24.00%. In FY 2015, the State collected a total of \$287,800,000 in State Wagering Tax.

Senate File 2109

General Fund

	Actual FY 2015	Estimated FY 2016	Supp-Senate Approp FY 2016	Est Net FY 2016
	(1)	(2)	(3)	(4)
<u>Administrative Services, Dept. of</u>				
Utilities	\$ 2,568,909	\$ 2,568,909	\$ 610,039	\$ 3,178,948
<u>Human Services, Dept. of</u>				
Medical Assistance	1,309,486,529	1,303,191,564	80,000,000	1,383,191,564
<u>Corrections, Dept. of</u>				
Corrections Administration	5,270,010	5,270,010	1,900,000	7,170,010
<u>Inspections & Appeals, Dept. of</u>				
Indigent Defense Appropriation	29,901,929	29,751,929	3,000,000	32,751,929
<u>Management, Dept. of</u>				
Supplemental to RIIF	0	0	30,000,000	30,000,000
Total	<u>\$ 1,347,227,377</u>	<u>\$ 1,340,782,412</u>	<u>\$ 115,510,039</u>	<u>\$ 1,456,292,451</u>